

Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC 5206

INFO AMEMBASSY CARACAS

AMEMBASSY LA PAZ

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C O N F I D E N T I A L LIMA 4097

EO 11652: GDS

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SUBJECT: GULF EXPROPRIATION - COMMENTS OF VICE MINISTER
OF ENERGY & MINES

REF: LIMA 4032

1. ANTONIO TORD GOMEZ, VICE MINISTER OF ENERGY AND MINES, EXPLAINED TO EMBASSY OFFICERS MAY 16 THAT GULF EXPROPRIATION WAS SOLELY A "POLITICAL ACT" ON PART OF GOP TO DEMONSTRATE TO ALL, INCLUDING PERUVIAN MILITARY AND CIVILIANS AS WELL AS FOREIGN BUSINESSMEN. THAT BRIBES HAVE NO PLACE IN REVOLUTIONARY PERU. TORD SAID THAT DECISION WAS BASED ON MAY 2 STORY IN THE "WALL STREET JOURNAL" DETAILING GULF'S ADMISSION OF BRIBE PAYMENTS TO FOREIGN COUNTRIES, AND NOTED THAT HIS MINISTRY WAS NOTIFIED LAST MONDAY (MAY 12) OF ACTION, THE DAY BEFORE THE COUNCIL OF MINISTERS MEETING. TORD EMPHASIZED THAT GOP WILL MAKE IMMEDIATE COMPENSATION TO GULF OIL CORP. SAYING IS RESPONSE TO A QUESTION THAT THE GOP WILL NOT QUIBBLE OVER FIGURES, BUT WILL
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MAKE PAYMENTS BASED ON GULF'S OWN SUBMISSIONS. TORD

SAID THAT THE ORIGINAL DRAFT OF THE DECREE LAW CONTAINED AN EXPULSION ORDER FOR THE FOREIGN EMPLOYEES OF GULF BUT THAT THIS PROVISION WAS DROPPED PRIOR TO PROMULGATION. TORD STRESSED SEVERAL TIMES THAT GULF DEL PERU, S.A. HAS CLEAN RECORD HERE AND THAT GOP HOLDS NOTHING AGAINST GULF EMPLOYEES. WHEN EMBASSY OFFICERS POINTED OUT THAT PETROPERU'S GUARANTEE OF JOB SECURITY FOR ALL PERUVIANS MIGHT WELL APPLY TO ED MCCAIN, GULF MANAGER, SINCE HE IS MARRIED TO A PERUVIAN (LIMA 3974). TORD SAID THIS WAS THE CASE AND HE PRESUMED THAT CCAIN COULD STAY ON AND WORK FOR PETROPERU IF HE SO DESIRES. (COMMENT: DROPPING OF EXPULSION ORDER MAY HAVE BEEN BASED MORE ON FACT THAT GOP APPARENTLY BELATEDLY REALIZED THAT BOTH MCCAIN AND THE ONE OTHER FOREIGN NATIONAL ARE BOTH MARRIED TO PERUVIANS AND THUS CLASSIFIED AS PERUVIAN WORKERS UNDER LABOR LAWS, RATHER THAN ANY TOP-LEVEL DESIRE TO TREAT GULF WITH KID GLOVES.)

2. TORD PLAYED DOWN POTENTIAL IMPACT OF THIS SUDDEN EXPROPRIATION ON THE OTHER FOREIGN OIL COMPANIES, SAYING THAT IT SHOULD NOT BE INTERPRETED AS DIRECTED AGAINST ANY ONE SECTOR, BUT RATHER AT IMMORAL ACTS BY FOREIGN (OR DOMESTIC) COMPANIES. EMBASSY COMMENTS THAT MOVE APPEARED ARBITRARY AND THAT IT SEEMED INCONSISTENT WITH GENERALLY ACCEPTED NORMS TO PENALIZE COMPANY FOR ILLEGAL ACTS PERFORMED ELSEWHERE. THEY WONDERED IF ACTION WOULD SET PRECEDENT FOR SIMILAR GOP EXPROPRIATION OF OTHER U.S. FIRMS HERE. BOTH BRANIFF AND OCCIDENTAL, FOR EXAMPLE, MAY BE GUILTY OF HAVING MADE ILLEGAL POLITICAL CONTRIBUTIONS IN THE U.S. TORD FIRMLY DENIED THERE WOULD BE ANY PROBLEM IN THIS REGARD. "SUCH ACTIVITIES ARE AN INTERNAL U.S. AFFAIR", NOTED TORD, AND THE GOP IS ONLY INTERESTED IN MNC OPERATIONS IN LATIN AMERICA. EMBASSY OFFICERS THEN REPORTED LATE-BREAKING NEWS STORY THAT BULK OF \$4 MILLION GULF BRIBES HAD NOT BEEN MADE TO LATIN AMERICAN COUNTRY, BUT TO SOUTH KOREA. TORD BLANCHED SOMEWHAT AT THIS NEWS, BUT THEN BREATHED SIGH OF RELIEF WHEN EMBASSY OFFICERS WENT ON TO SAY THAT GULF HAD ALSO IMPLICATED BOLIVIAN GOVERNMENT OFFICIALS IN SEPARATE BRIBE SCANDAL. TORD ADMITTED THAT IF NO LATIN AMERICAN COUNTRY HAD BEEN INVOLVED, CONFIDENTIAL

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GOP WOULD HAVE BEEN EXTREMELY EMBARRASSED.

3. COMMENT: TORD'S EMPHASIS ON RAPID AND FAIR COMPENSATION TO GULF FOLLOWS SIMILAR STATEMENTS BY DE LA FLOR TO ASSISTANT SECRETARY ROGERS AND LOCAL PRESS HERE, AS WELL AS PETROPERU OFFICIAL'S COMMENTS TO MCCAIN. TORD'S DISCLAIMER OF NO SPILLOVER EFFECT ON THE OTHER U.S. (AND FOREIGN) OIL COMPANIES RANG SOMEWHAT HALLOW, HOWEVER,

AND WE PRESUME TORD REALIZES THAT THE OTHER
COMPANIES ARE INDEED WORRIED.
DEAN

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